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Dear Mark

Developing the Better Bills Guideline

Essential Energy welcomes the opportunity to provide input to assist the Australian Energy Regulator (AER) in developing the Better Bills Guideline. We have two, interlinked points that we wish to raise that relate to improving bill transparency for customers.

1. The costs of Federal, State and Territory-based environmental levies and policies are not visible to customers on retail bills. Whilst customers are supportive of a renewable energy future, they cannot appreciate the full costs of facilitating this future when the associated costs are not observable.

Given the nexus to state and territory policies, the scale of costs varies by jurisdiction, but the bill contribution can be significant (over 18 percent of an ACT customer's bill in 2021-22 ¹) as can the bill impact from one year to the next (133 percent increase for ACT customers between 2020-21 and 2021-22 prices ²).

The costs of the NSW Government's Electricity Infrastructure Roadmap are also to be accommodated in NSW distribution prices and may be even larger than the ACT scheme. The roadmap policy intends to deliver 12,000 MW of additional generation capacity by 2030 in NSW and spur a possible \$32 Billion of investment in generation, storage, and transmission over the next 10 years³. For context NSW's entire existing generation fleet is approximately 17,000MW. As such, the costs arising from NSW's roadmap jurisdictional scheme will have material bill impacts on NSW customer bills over the next decade

Depending on the scheme or policy, these costs are applied by either the retailer or the distribution network. Regardless of whom applies the charge, customer trust is quickly eroded when headlines link a business name to large price increases. While there are arguments from a governance perspective that consumers should be fully informed about the costs and benefits of jurisdictional policies, there is also the very real reputational impact facing distribution networks in administering the contributions framework on behalf of the government. Improving visibility of these costs, that are outside the control of both retailers and distribution networks yet are becoming an increasingly significant component of a customer's bill, would improve customers' trust in both retailers and networks by providing customers with transparency around the true costs of transitioning the grid to renewable energy.

¹ AEMC, [Residential Electricity Price Trends 2020](#), Final report, 21 December 2020, p.12

² Evoenergy, ACT electricity network pricing proposal 2021-22, [media release](#), 6 April 2021

³ NSW DPIE, NSW Electricity Infrastructure Roadmap, [Detailed Report](#), November 2021, pg 5

2. Feedback from our customers during engagement for our 2019-24 Regulatory Proposal, strongly supported bill itemisation. Once customers understood the energy supply chain and the fact that distribution network prices are not necessarily mirrored by retailers, there was a strong call for retail bills to show a basic breakdown of costs to improve transparency for customers.

“Many (participants) were not aware, prior to the forum, that Essential Energy were only responsible for the poles and wires, so upon hearing this information there was agreement that there should be greater transparency on the bills - showing the components and the associated cost for each component.

Some also called for greater transparency on their bill regarding aspects such as how much of the energy is generated from alternative sources such as solar.

“Simplify and streamline the retail billing process - the invoices need to be standardised across suppliers, we need to be able to look at the different areas to see where variations are.” (Dubbo)

“Bills should have a breakdown of all costs and we should be told the source of energy (solar, hydro, coal generated, etc).” (Goulburn)

“More transparent bills – seeing exactly who charges what.” (Tamworth)”⁴

At a minimum, Essential Energy would, therefore, see merit in the Better Bills Guideline providing a bill breakdown of: Generation and Retail costs; Transmission costs; Distribution costs; and Government environmental policies and levies. Though it is important to recognise that customers would also like to see the breakdown of generation by source.

Such a breakdown could be shown in either dollars or percentages and could easily be represented visually as a fairly small graphic. To help alleviate implementation costs for retailers in the short-term, in the interim retailers could use the percentages published in the Australian Energy Market Commission’s [annual residential electricity price trends report](#).

This level of transparency will also add significant value to customers’ ability to shop around and compare retailers, to understand and see how different distribution tariffs could impact their bills and also decide whether other technologies, such as solar panels or batteries, would be beneficial to their circumstances.

Should you wish to discuss any matter in this letter, please don’t hesitate to call Natalie Lindsay on [REDACTED] or by email at [REDACTED]

Yours sincerely



Chantelle Bramley
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⁴ Essential Energy 2019-24 Regulatory Proposal, [Supporting Information](#), Essential Energy – 4.10 Essential Energy Community Forum Report Phase 1 – Woolcott – 20180430 – Public, p.20